

FY 2002 Annual Performance Plan

FY 2000 Annual Performance Report

Office of Insular Affairs



DEPARTMENT OF THE INTERIOR



Office of Insular Affairs
FY 2002 Annual Performance Plan
FY 2000 Annual Performance Report

A COMMENT ON THE PERFORMANCE GOALS CONTAINED IN THIS DOCUMENT

The goals that appear in the Fiscal Year 2002 Annual Performance Plan are based on the Department's most recent revision of its Government Performance and Results Act strategic plan. This strategic plan, which covers the period from Fiscal Year 2000 to Fiscal Year 2005, was completed under the guidance and direction of the previous Administration and, therefore, does not necessarily reflect the policies and management priorities of the current Administration.

During 2001, the Department will review and, where appropriate, revise the current strategic plan. This review process will incorporate the views and concerns of the Department's partners and constituencies and will, in some cases, be the basis for new or restated annual performance goals and measures to provide overall direction to Interior's programs and deliver program results.



Department of the Interior
Office of Insular Affairs

The Department of the Interior has had a long and evolving history with respect to U.S. territories and other affiliated insular areas. The Office of Insular Affairs (OIA) is part of that history. OIA is located within the Office of the Secretary. Our major charge is to help the insular areas develop more efficient and effective government while honoring their rich history and unique cultures. From a policy perspective, our long-term goal is to improve government to government relationships with the insular governments by fostering better communications.

OIA coordinates federal policy and provides technical and financial assistance to the territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands. The Office also provides financial and technical assistance to the freely associated states of the Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau.

The financial assistance OIA provides is to improve government infrastructure and to support basic government operations. Much of this assistance is in the form of mandatory funding and is the product of negotiated long-term agreements. OIA also works with the insular governments to identify technical assistance needs and then locates expertise to help with a broad range of governmental activities. For all of the assistance programs, OIA works to ensure that there has been adequate planning to identify needs and priorities, and that projects are completed quickly and effectively.

Nikolao I. Pula
Acting Director
Office of Insular Affairs

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About This Document

FY 2000 Performance Report: The FY 2000 Performance Report reflects the FY 2000 goals and identifies if the goals were achieved. The 2000 Performance Report also provides comments on why goals were not achieved and on any other goal variances.

FY 2001 Operating Plan: The FY 2001 Operating Plan included in this report has been modified to include establishing a baseline survey in FY 2001 which was not completed in FY 2000 as originally planned. The plan has also been modified to account for budget changes that occurred during the appropriations

process, including increases in funding for the Office of Insular Affairs, Impact Payments to the CNMI and Guam, Federal Services, and Enewetak Operations. Funding was decreased for capital improvement assistance to the Government of the Virgin Islands.

FY 2002 Annual Performance Plan: The FY 2002 Annual Performance Plan includes Annual Performance Goals which support OIA's FY 2000 - FY 2005 Strategic Plan.

Executive Summary

THE FY 2000 PERFORMANCE REPORT AND FY 2002 PERFORMANCE PLAN CONTAINED IN THIS DOCUMENT GENERALLY REFLECT NEW LONG-TERM GOALS INCORPORATED IN THE STRATEGIC PLAN TRANSMITTED TO CONGRESS IN SEPTEMBER 2000. THE STRATEGIC PLAN IS BASED ON TWO PRIMARY MISSION GOALS: (1) ASSISTING THE ISLANDS IN DEVELOPING MORE EFFICIENT AND EFFECTIVE GOVERNMENT BY PROVIDING FINANCIAL AND TECHNICAL ASSISTANCE, AND (2) HELPING MANAGE FEDERAL-ISLAND RELATIONS BY PROMOTING APPROPRIATE FEDERAL POLICIES.

Most of the Office of Insular Affairs' budget is devoted to financial and technical assistance for the insular governments. Therefore, all budget programs and activities except the administrative costs of OIA fall within the first Mission Goal. The actual work of the Office and its administrative costs are split between the first and second Mission Goals.

The Office of Insular Affairs is proposing a total budget of \$341.3 million for fiscal year 2002, an increase of \$16.1 million over the \$325.2 million for fiscal year 2001. This assistance is essential to the insular governments' capabilities to provide basic services to the island residents. The financial assistance comes in many forms. \$104 million of the fiscal year 2002 budget reflects estimated Federal tax collections on Guam and the Virgin Islands which are advanced to the general funds of those governments and are not subject to any statutory terms, conditions or controls on use. Another \$167.9 million of the budget represents guaranteed payments and services to the Federated States of Micronesia and the Republics of Palau and the Marshall Islands, pursuant to Compacts of Free Association

entered into with each of the three governments. While specific uses are enumerated in the Compact, enforcement mechanisms were removed during the negotiations or legislative process and payments were pledged with the full faith and credit of the United States. The remaining \$69.4 million in current appropriations provides operational support to American Samoa (\$23.1 million), technical assistance programs for all seven insular governments (\$14.1 million), capital infrastructure funding for the four U.S. territories (\$27.7 million), and the administrative costs of the 32 FTEs which make up the Office of Insular Affairs (\$4.5 million).

With limited control over the vast majority of the money, OIA has not included in its Strategic Plan outcome goals that are premised on the final use of the money. Rather, our goals focus on areas over which we have greater control and discretion to convince the insular governments to work cooperatively. These goals emphasize better planning by the insular areas and more efficient expenditure of Federal assistance without compromising quality or effectiveness.

While the goals are more output than outcome-oriented, the focus has been useful for OIA. It is only in the last three years that OIA has looked at workload and how workload is distributed within the Office. OIA is now using the data developed for the performance reports to make resource decisions. The evaluation of performance goals for fiscal year 1999 revealed that the Budget and Grants Management Division was handling approximately 75 percent of OIA's grant workload. As a result, additional grant positions were included in the fiscal year 2001 budget and recruitment to fill those jobs is now underway.

OIA still believes there is inadequate data available to measure outcomes and general conditions in the insular areas, including the impact of Federal financial assistance. Since 1992, Congress has required OIA to prepare an annual State of the Islands Report. This report looks at the overall state of island infrastructure and provides demographic, financial and economic data that can be used to analyze the general state of health care, education, law enforcement and other basic governmental services. OIA is working with the Bureau of the Census and other Federal and island partners to improve the quality and usefulness of this annual report and the availability of performance data.

SUMMARY OF FY 2000 ANNUAL PERFORMANCE

The Office of Insular Affairs was working to achieve a total of seven performance goals for fiscal year 2000. Only two of the seven were fully achieved. Four others were partially achieved and one goal was not achieved and deferred to fiscal year 2001.

Two of the performance goals involved the development of multi-year plans by the insular governments, either for improving financial management or for identifying priorities for construction of new infrastructure. Although OIA only met the goal for the financial management plans, seven of the eight financial management and construction plans anticipated for completion by the end of fiscal year 2000 were completed and work is ongoing on the eighth.

Two of the performance goals involved accelerating the completion of grant-funded projects. Difficulty by the insular governments in initiating projects and following through to completion is a significant management problem. OIA did not have much historic data when these goals were established; but based on the data available, set a timeframe for fiscal year 2000 of 30 months from grant award to grant completion. This goal was achieved for technical assistance grants, which tend to be smaller in size and less complex. It was not achieved for construction grants, which are much larger and generally involve more preparation time. Completion time for construction and infrastructure-related grants was, however, reduced to 31 months, very close to the performance goal.

Two of the goals focused on completing nearly as many projects each year as are started. This is essential to the efficient use of Federal funds and preventing a large and growing balance of unexpended money. The fiscal year 2000 performance goal for both technical assistance grants and infrastructure-related grants was to complete 90 percent as many projects as were started. For both kinds of grants, the completion ratio was just over 50 percent. This points out a management concern that should be addressed and improvement reflected in the fiscal year 2001 performance report.

The final performance goal was to perform a baseline survey of the insular governments to discern their view of the Federal-insular relationship, particularly in terms of good communications and common understanding of positions. This goal was not completed. The survey was delayed and is now expected to be completed in fiscal year 2001.

Section I

Introduction and Overview

1.1 INTRODUCTION

The Office of Insular Affairs (OIA) carries out the Secretary of the Interior's responsibilities for the insular areas, including providing them with financial assistance for government operations and needed infrastructure, and funding or arranging technical assistance and advisory services in all areas of government operations. This assistance is a recognition that local tax revenues and other Federal programs are insufficient to meet the unique needs of these island governments. Unique needs are the result of differing stages of development, geographic isolation, and the necessity of the island governments to engage in a much wider array of functional responsibilities than other communities of similar size in the United States.

In addition to providing financial and technical assistance, the Secretary's responsibilities also require the

OIA to coordinate activities with other Federal agencies in developing insular policy positions and to enunciate the Administration's position in discussions with the Congress and the insular governments. The insular governments for which the Secretary has varying responsibilities include American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands, all of which are U.S. territories; as well as the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia, which are sovereign nations linked with the U.S. through Compacts of Free Association.

For more information about the Office of Insular Affairs, please visit the OIA website at www.doi.gov/oia. Information about the U.S.-affiliated insular areas can be accessed from the website as well.

1.2 MISSION STATEMENT

MISSION

ASSIST THE ISLANDS IN DEVELOPING MORE EFFICIENT AND EFFECTIVE GOVERNMENT BY PROVIDING FINANCIAL AND TECHNICAL ASSISTANCE, AND HELP MANAGE FEDERAL-ISLAND RELATIONS BY PROMOTING APPROPRIATE FEDERAL POLICIES.

1.3 LINKAGE TO STRATEGIC PLAN AND DEPARTMENTAL GOALS

The Department of the Interior has had a long relationship with the U.S. territories and other insular areas and has carried out its responsibilities to the islands as mandated and authorized in law, and as delegated to the Secretary in Executive Orders. Beginning in fiscal year 2000, the Department incorporated this "commitment to island communities" into its mission statement and Departmental goals.

The Department's commitment varies with respect to each island community. In the case of Guam and the U.S. Virgin Islands, organic legislation spells out the details of the relationship with each territory. This organic legislation has evolved over the years through numerous amendments. Guam and the Virgin Islands are relatively self-supporting, although they participate in various technical assistance programs offered by the Office of Insular Affairs. Guam also receives earmarked capital funding as reimbursement for the impact of Micronesian immigrants resulting from provisions in the

Compacts of Free Association.

The Northern Mariana Islands were originally a part of the Trust Territory of the Pacific Islands, a trusteeship created after World War II by the United Nations. They chose to pursue a closer relationship with the United States. A Covenant was negotiated and then enacted into U.S. law that spells out the relationship, including a commitment to long-term guaranteed financial assistance. The Commonwealth of the Northern Mariana Islands is generally self-supporting for operational purposes; but relies on substantial assistance for infrastructure and for technical assistance.

American Samoa's relationship includes a commitment to protect and maintain their unique culture. American Samoa is highly dependent on OIA programs to meet basic government operations, as well as providing for infrastructure and technical assistance needs.

The commitment to the freely associated states, formerly part of the Trust Territory of the Pacific Islands, is enunciated in negotiated Compacts that were approved by local plebiscite and by the U.S. Congress in public law. The U.S. commitment includes guaranteed defense and financial assistance to help them develop economically. The financial assistance is administered by the OIA and touches virtually all aspects of government operations, infrastructure and technical needs. In the case of the freely associated states the United States recognizes their sovereignty and in the case of all the insular governments, the guiding premise of the U.S. commitment is a recognition of the fundamental rights of self-government.

The islands are not in any way entities or sub-divisions of the Department of the Interior. The OIA's authority to direct insular governments to adapt good management practices or direct the use of financial assistance is limited by law. In its revised Strategic Plan, the OIA addresses the commitment to the island entities in three areas: first to improve island infrastructure, second to improve governmental systems and services; and third to improve Federal relations with the insular areas. The long-term goals in the first two areas help ensure that adequate planning is taking place, at least in those

areas where the Department is making a sizable investment, and plans are being implemented in a timely manner. The long-term goal in the area of improving governmental relations is to facilitate the communications process and thus reduce misunderstandings that often occur because of the islands' unique political relationships, cultures and distances from the rest of the United States.

1.4 LINKAGE TO THE BUDGET

More than eighty percent of the OIA budget is mandatory. The mandatory funding is identified in a general way with OIA's first mission goal to "Assist the islands in developing more efficient and effective government by providing financial and technical assistance;" but OIA has limited control over specific uses of much of this money. For example, OIA provides Guam and the Virgin Islands with more than \$100 million each year in specific "pass-through" Federal income and excise tax advances. This money is, by law, a subsidy to their general funds and is therefore available for governmental systems and services; but its specific uses are totally at the discretion of local government processes.

OIA's strategic and long-term goals are broad and clearly identifiable with U.S. commitments to the insular areas. Our performance goals, however, focus narrowly on management aspects that are under the general control of OIA staff, funding for which constitutes less than two percent of OIA's budget.

The Office of Insular Affairs is divided into four smaller organizations: the Office of the Director, the Policy Division, the Technical Assistance Division, and the Budget and Grants Management Division. The Director's Office and Policy Division focus almost exclusively on the OIA's second mission goal, to *"help manage Federal-Island relations by promoting appropriate Federal policies."* The Technical Assistance and the Budget and Grants Management Divisions focus primarily on the first mission goal, to *"assist the islands in developing more efficient and effective government by providing financial and technical assistance."*

1.5 ADJUSTMENTS TO STRATEGIC PLAN

The goals in the 2002 Annual Performance Plan are based on the revised FY 2000-2005 Strategic Plan which was released in September 2000. Because of the long-term perspective of its assistance activities, the high dependence on performance of self-governing insular areas, and the influence of external factors, OIA decided to focus more on management-oriented goals that are achievable by OIA. This results in an approach that emphasizes outputs rather than outcomes, such as the timely release and use of grant funds and the effectiveness of communications with the insular governments on issues of mutual interest.

1.6 FY 2002 GOALS-AT-A-GLANCE

Departmental Goal: Meet our Trust Responsibilities to Indian Tribes and our Commitments to Island Communities

FY 2002 GOALS-AT-A-GLANCE

OIA Mission Goals	Long-term Goals	FY 2002 Annual Goals
Assist the islands in developing more efficient and effective government by providing financial and technical assistance.	Program Activity 1: Improve Infrastructure: 1. By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs. 2. Increase capital infrastructure grant productivity by increasing the ratio of projects completed to projects started and reducing the average completion time of projects.	Complete one additional multi-year capital plan for a cumulative total of 4. Increase ratio of capital infrastructure projects completed to projects started to 1.1. Reduce the average time from grant award to project completion for capital infrastructure projects to 27 months.
	Program Activity 2: Improve Government Systems and Services: 1. By 2005, all insular governments are implementing long-term plans to improve financial management. 2. Increase technical assistance grant productivity by increasing the ratio of projects completed to projects started and reducing the average completion time of projects.	Complete one additional financial management improvement plan. Increase ratio of technical assistance projects completed to projects started to 1.1. Reduce the average time (in months) from technical assistance grant award to project completion to 27 months.
Help manage Federal-island relations by promoting appropriate Federal policies.	Program Activity 3: Improve Governmental Relations: 1. Improve Federal-insular communications. Improve Governmental Relations to facilitate the resolution of insular area problems.	Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in FY 2001.

Section II

GPRA Program Activities and Goals

2.1 GPRA PROGRAM ACTIVITY 1: IMPROVE INFRASTRUCTURE

Description:

By providing financial and technical assistance, this program can help ensure that the insular governments have adequate infrastructure, including: schools, health care facilities, port facilities, roads, power generation and transmission, water treatment and distribution, waste-water collection and treatment, solid waste disposal, prisons and general public facilities such as government offices, parks and recreation facilities, libraries etc. Direct grants are provided to cover the costs of design and construction. The OIA program also provides the island governments with technical assistance to develop the institutional capacity to maintain infrastructure and ensure plans are in place that identify priorities and specific project needs for a minimum five-year period.

FY 2002 PERFORMANCE GOALS

- Complete one additional multi-year capital plan for a cumulative total of four.
- Increase the ratio of capital infrastructure projects completed to projects started to 1.1.
- Reduce the average time from grant award to grant completion for capital projects to 27 months.

BUDGET TABLE - GPRA ACTIVITY 1 (IMPROVE INFRASTRUCTURE)

	FY2000 Enacted		FY 2001 Enacted		FY2002 Budget	
Budget Activity/Subactivity		GPRA		GPRA		GPRA
\$000	Total	Activity 1	Total	Activity 1	Total	Activity 1
Assistance to Territories:						
Office of Insular Affairs	4,095	738	4,385	790	4,528	833
Technical Assistance	8,661	3,000	13,631	5,987	7,461	0
MAINTENANCE ASSISTANCE	2,300	2,300	2,295	2,295	2,300	2,300
Brown Tree Snake	2,350		2,345		2,350	
Insular Management Controls	1,491		1,488		1,491	
Coral Reef Initiative	500		499		500	
American Samoa Operations	23,054		23,003		23,100	
<i>Covenant Grants</i>						
CNMI Construction	5,580	5,580	11,000	11,000	11,000	11,000
Guam Impact Aid	4,580	4,580	4,580	4,580	5,080	5,080
American Samoa Construction	10,140	10,140	10,140	10,140	10,140	10,140
CNMI Immigration Initiative	2,000		2,000		1,500	
Virgin Islands Construction	5,420	5,420	0		0	
<i>Total, Covenant (Mandatory)</i>	27,720	25,720	27,720	25,720	27,720	26,220
Total, Assistance to Territories.....	70,171	31,758	75,366	34,792	69,450	29,353
Compact of Free Association:						
Federal Services (Discretionary)	7,120		7,338		7,354	
Enewetak Ops (Discretionary)	1,191		1,388		1,391	
Total, Compact, Mandatory	12,000		12,000		14,500	
Total, Compact, Permanent Indefinite	120,551	36,642	122,014	36,878	144,616	37,114
Total, Compact of Free Association.....	140,862	36,642	142,740	36,878	167,861	37,114
Payments to U.S. Territories:						
Guam Section 30 Tax Collections	56,227		56,000		56,000	
Virgin Islands Rum Excise Tax	91,888		48,000		48,000	
Total, Payments to U.S. Territories.....	148,115		104,000		104,000	
Total, OIA	359,148		322,106		341,311	
American Samoa Loan Subsidy.....	0		3,097		0	
Grand Total, OIA.....	359,148	68,400	325,203	71,670	341,311	66,467

2.1.1 GOAL: DEVELOPMENT AND USE OF MULTI-YEAR CAPITAL PLANS

GPRA Program Activity 1: Improve Infrastructure

Long-term Goal: By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs.

FY 2002 Annual Performance Goal:

1. Complete one additional multi-year capital plan for a cumulative total of four.

Performance Measure: Capital Plans Completed (Cumulative)

FY 98 Actual	FY 99 Actual	FY 00 Plan	FY 00 Actual	FY 01 Plan	FY 02 Proposed
1	2	3	2	3	4

Goal Description:

Revised Long-term Goal: The goal was revised in 2000 to shift the date for completion of all capital plans from 2002 to 2005. This is more realistic, given external factors such as Compact re-negotiation, which could change the requirements and timing for completing the plans for two of the freely associated states.

OIA believes it is very important that long-term plans are in place for capital improvements in the insular areas, particularly where there is a high dependence on Federal funding for these improvements. This is particularly true in the freely associated states of Palau, the Marshall Islands, and the Federated States of Micronesia. Although plans were mandated under the negotiated Compacts of Free Association, those mutually agreed terms have not been rigorously implemented or enforced (Note: No enforcement mechanisms were written into the original compact). This issue is being discussed in on-going re-negotiations of Compact financial assistance for two of the three freely associated states. In the case of the Federated States of Micronesia (FSM), OIA awarded a \$250,000 grant in September 2000 to help pay for development of a capital plan. Work on the plan is now underway but was delayed while the FSM identified matching funds. The

concept of a local match for grants in the planning area is very important to OIA so that the local governments have ownership in the plans. We had hoped this plan would be completed late in fiscal year 2000, but now do not believe it will be completed until late 2001 or early 2002.

In 1996, legislation mandated plans for two insular areas, American Samoa and the Commonwealth of the Northern Mariana Islands. A model plan was completed for American Samoa in 1997 and is being followed and updated annually. A plan was completed for the Commonwealth of the Northern Mariana Islands in 1999. The CNMI and American Samoa plans are reflected in the 1999 actual data. Except when mandated in Federal law, OIA cannot force insular governments to develop plans. OIA has, however, expressed to the governments its strong support for plans and, through its Operations and Maintenance Improvement Program, has offered technical assistance to help pay for capital planning. There is no Federal legislative requirement for capital planning by two of the insular governments, Guam and the U.S. Virgin Islands.

FY 2000 ANNUAL PERFORMANCE REPORT

Goal: Complete one additional capital improvement plan, for a cumulative total of three plans completed.

Report: This goal was not completed. Only two capital plans were completed as of the end of fiscal year 2000. In 1999, we began discussions with the Federated States of Micronesia on the need for a new capital plan to prepare them for implementation of a new long-term period of financial assistance that is currently being negotiated. The FSM recognized this need; but delayed accepting the OIA offer of a technical assistance grant (under the Operations and Maintenance Improvement Program) to help pay for the plan. The delay was partially due to changes in leadership in the FSM because of a Presidential election, and partially due to the need of the FSM to identify a source of matching funds. The OIA offer was \$250,000; and required an equal match from the FSM. The match is essential for local ownership in the final product and successful implementation of the plan. The grant was finally signed by the FSM in September 2000 and a contract was awarded early in calendar year 2001.

Like the FSM, the Republic of the Marshall Islands is also beginning negotiations on a new period of long-term U.S. financial assistance that requires a capital plan. The Marshall Islands, however, is even further behind the FSM in preparing for negotiations and making the necessary management decisions to begin work on a plan. Once the Marshall Islands realizes the importance of a capital plan, the OIA stands ready to assist in its development. OIA has made the same offer as was made to the FSM, which is to fund half the costs of preparing the plan.

The U.S. proposal to the FSM requires a plan to be completed and approved by both parties before any capital funding can be used. There is some possibility that new financial assistance will be available before the plans are completed and the money will not be used in a timely manner while we await completion of the plan(s). This would not be an efficient use of resources for the two Micronesian governments, as it would delay important investments in their infrastructure and delay development. The costs in lost time and lost development are almost exclusively to the Micronesian governments rather than the United States.

Because of these delays, we have adjusted our goal so that only four plans will be completed by 2002. There is a probability that the third plan will not be completed in fiscal year 2001, as is currently planned. However, we believe the FSM plan will be very near completion by the end of 2001, if not completed.

At this time, OIA believes the strategic goal of having completed capital plans for all seven insular governments by fiscal year 2005 is still viable. For five of the insular areas, Federal legislation or negotiated agreements require plans be developed. There is no such requirement imposed on Guam or the Virgin Islands. The OIA's current policy does not favor such an imposed condition because these two insular governments are not highly dependent on Federal assistance for construction of infrastructure and receive little or no capital funding from the OIA.

However, both governments participate in the OIA's Operations and Maintenance Improvement Program. Through this program, OIA will encourage development of capital plans and will offer limited assistance in funding new plans.

DATA VERIFICATION AND VALIDATION

Data Validation	The number of plans completed is a rather simple but effective measure of the insular governments good governance and their capability to properly and effectively use Federal (U.S.) assistance. The decision to use this goal and data was made by the senior management of the Office of Insular Affairs in consultation with Departmental officials from the Office of the Assistant Secretary- - Policy, Management and Budget.
Data Verification	Because of the simple nature of this data, it is not difficult to determine its reliability and accuracy. There is a small and finite number of insular governments and only one plan is required for each government.
Data Source	The data are obtained from the insular governments by obtaining copies of the completed plans.
Data Limitations	There are at least two major limitations with respect to the data obtained. First, while OIA considers the existence of plans as an indicator of good governance, there is little control over the quality of plans completed by the governments. Secondly, OIA also has little control over the comprehensiveness of the insular plans. This would necessarily vary from government to government dependent on what infrastructure areas are the responsibility of the government and what areas are managed or owned by the private sector or quasi-governmental authorities.
Planned Improvements	OIA is currently working on the scope of a contractual effort to review the state of infrastructure and operations and maintenance in the insular areas, including development of quantitative measures. This effort will review the existence and quality of infrastructure plans, including plans prepared by autonomous authorities.

2.1.2 GOAL: IMPROVING GRANT PRODUCTIVITY

GPRA Program Activity 1: Improving Infrastructure

Long-term Goal: Increase grant productivity by increasing the ratio of capital infrastructure projects completed to projects started and reducing the average completion time of projects.

FY 2002 Annual Performance Goals:

1. Increase ratio of capital infrastructure projects completed to projects started to 1.1.

FY 98 Actual	FY 99 Actual	FY00 Plan	FY00 Actual	FY01 Plan	FY02 Proposed
**	.85	.90	.56	1.0	1.1

2. Reduce the average time from grant award to project completion for capital projects to 27 months.

FY 98 Actual	FY 99 Actual	FY00 Plan	FY00 Actual	FY01 Plan	FY02 Proposed
**	32	30	31	28	27

** This long-term goal and related performance goals were new in fiscal year 2000.

Goal Description:

This new goal was reflected in a revised Strategic Plan transmitted to the Congress in September 2000. While it is primarily an output goal, it better reflects the work performed by OIA and within its control. The ability of the insular governments to spend money quickly and effectively is a measure of good governance. The ability of OIA to move money quickly and keep work in action also reflects on its management. OIA will use incen-

tives at its disposal to move grants more quickly from award to project completion or to terminate grants that are not commencing in a timely manner or that have come to halt. A grant that is terminated is also considered complete because it frees up funds to be re-obligated and used for valid projects.

FY 2000 ANNUAL PERFORMANCE REPORT

Goal: Increase the ratio of capital infrastructure projects completed to projects started to .90.

Report: This goal was not met. 103 new construction or maintenance projects were begun in fiscal year 2000 and only 58 were completed. Part of the reason is the Virgin Islands had a one-time appropriation of \$5.4 million for construction that is being used to finance 8 new projects. Since new construction projects normally take from two to four years for completion and work seldom begins until sometime in the second year, this unanticipated appropriation from Congress tended to skew the data. In addition, the CNMI continues being delayed in beginning construction projects because of lack of financing to meet the local matching requirement. Only the CNMI has a matching requirement. This condition on grant funding was negotiated by the Special Representatives appointed under Section 902 of Public Law 94-241 (90 Stat. 263) when the CNMI economy was undergoing rapid growth. A subsequent depressed economy in the CNMI has made it very difficult for the local government to raise revenues and meet the matching requirement. A bond indenture was recently issued that provides a source of local financing and has accelerated construction, so we

expect more project completions in 2001 and 2002. Failure to complete projects only worsens the financial situation in the CNMI because the construction work is a source of jobs and economic growth.

Goal: Reduce the average time from grant award to project completion to 30 months.

Report: Project completion is defined as the cessation of work on the project and final payment has been made. Usually this means the full scope of the grant and subsequent contract by the insular government has been met. However, termination of a project for cause or by mutual consent is also considered completion. This goal was not met; although project timing was reduced from 32 months to 31 months. The rate of reduction in project completion time will likely remain slow as long as there remains a large backlog of unfinished projects in the CNMI. Grants for these projects have been awarded, but work is languishing because of the lack of matching funds. The recent CNMI issuance of a bond indenture should accelerate work on many projects. However, some of these projects, for which matching funds have now been identified, date back as far as seven years; so their completion will tend to cause average completion time to increase.

DATA VERIFICATION AND VALIDATION

Data Validation	This goal was developed by senior management in OIA following consultation with officials from the Office of the Assistant Secretary– Policy, Management and Budget. It is relatively easy to track. It reflects work output by the insular governments using OIA funding, but does not require gathering data outside OIA's control.
Data Verification	This data is fully within OIA's control and OIA has collection standards and other criteria for ensuring the data are reliable and accurate.
Data Source	While these performance goals are a reflection of insular output, all data is developed within OIA. OIA issues the grant and makes final payment that determines grant completion.
Data Limitations	We are measuring output from a rather small and finite population. Uncontrollable events can dramatically skew the results. For this reason, an analysis of what has transpired and the reasons for changes, particularly changes that do not follow anticipated trend lines is important.
Planned Improvements	We are not planning any improvements at this time, but will continue to evaluate our data process over the coming year.

2.2 GPRA PROGRAM ACTIVITY 2: IMPROVE GOVERNMENT SYSTEMS AND SERVICES

Description: This program activity provides financial and technical assistance to help ensure the insular governments are providing adequate public services and performing efficient governmental operations. Financial assistance is provided in several forms including: discretionary grants for operations to American Samoa and Enewetak; tax cover overs to Guam and the U.S. Virgin Islands; and guaranteed assistance for general operations, health and education to the freely associated states. Technical assistance is provided for priority projects to improve operations in areas such as financial management, health care, education, public safety, economic development, environmental management and protection and statistical data collection. Other than technical assistance grants, OIA has very limited author-

ity and exercises little or no control over most of the budget resources associated with this program activity. This money is provided as a subsidy to the local general fund or a pass-through of guaranteed assistance, usually without any terms or conditions applied to the use of the money.

FY 2002 PERFORMANCE GOALS:

- Complete one additional financial management improvement plan.
- Increase ratio of technical assistance projects completed to projects started to 1.1.
- Reduce the average time from grant award to project completion for technical assistance projects to 27 months.

BUDGET TABLE (GPRA ACTIVITY 2 - IMPROVE GOVERNMENT SYSTEMS AND SERVICES)

	FY2000 Enacted		FY 2001 Enacted		FY2002 Budget	
Budget Activity/Subactivity		GPRA		GPRA		GPRA
\$000	Total	Activity 2	Total	Activity 2	Total	Activity 2
Assistance to Territories:						
Office of Insular Affairs	4,095	1,598	4,385	1,711	4,528	1,766
Technical Assistance	8,661	5,661	13,631	7,631	7,461	7,461
Maintenance Assistance	2,300		2,295		2,300	
Brown Tree Snake	2,350	2,350	2,345	2,345	2,350	2,350
Insular Management Controls	1,491	1,491	1,488	1,488	1,491	1,491
Coral Reef Initiative	500	500	499	499	500	500
American Samoa Operations	23,054	23,054	23,003	23,003	23,100	23,100
<i>Covenant Grants</i>						
CNMI Construction	5,580		11,000		11,000	
Guam/CNMI Impact Aid	4,580		4,580		5,080	
American Samoa Construction	10,140		10,140		10,140	
CNMI Immigration Initiative	2,000	2,000	2,000	2,000	1,500	1,500
Virgin Islands Construction	5,420		0		0	
<i>Total, Covenant (Mandatory)</i>	27,720	2,000	27,720	2,000	27,720	1,500
Total, Assistance to Territories.....	70,171	36,654	75,366	38,577	69,450	38,168
Compact of Free Association:						
Federal Services (Discretionary)	7,120	7,120	7,338	7,338	7,354	7,354
Enewetak Ops (Discretionary)	1,191	1,191	1,388	1,388	1,391	1,391
Total, Compact, Mandatory	12,000	12,000	12,000	12,000	14,500	14,500
Total, Compact, Permanent Indefinite	120,551	83,909	122,014	85,136	144,616	107,502
Total, Compact of Free Association....	140,862	104,220	142,740	105,862	167,861	130,747
Payments to U.S. Territories						
Guam Section 30 Tax Collections	56,227	56,227	56,000	56,000	56,000	56,000
Virgin Islands Rum Excise Tax	91,888	91,888	48,000	48,000	48,000	48,000
Total, Payments to U.S. Territories...	148,115	148,115	104,000	104,000	104,000	104,000
Total, OIA Discretionary & Mandatory	359,148	288,989	322,106	248,439	341,311	272,915
American Samoa Loan Subsidy.....			3,097	3,097		
Grand Total, OIA.....	359,148	288,989	325,203	251,536	341,311	272,915

2.2.1 GOAL: DEVELOPMENT AND USE OF FINANCIAL MANAGEMENT IMPROVEMENT PLANS

GPRA Program Activity 2: Improve Government Systems and Services

Long-term Goal: By 2005, all insular governments are implementing long-term plans to improve financial management.

FY 2002 Annual Performance Goal:

1. Complete one additional financial management improvement plan.

Performance Measure: Financial Management Improvement Plans Completed (Cumulative)

FY 98 Actual	FY 99 Actual	FY00 Plan	FY00 Actual	FY01 Plan	FY02 Proposed
2	4	5	5	6	7

Goal Description:

By 2005, OIA intends to complete financial improvement plans for all insular governments. Good management in the insular governments, as demonstrated by sound financial management practices, is essential to developmental goals and the protection of taxpayers money. OIA cannot require the governments to develop plans, but can offer expertise and other incentives if the governments will make the effort. In conjunction with the USDA Graduate School, OIA has gathered together a team of experts with significant experience in Federal financial management, governmental and public auditing, and island financial systems and practices. To date the program has been quite successful, specifically in

terms of cooperation from the insular governments. Full completion of this goal will require 11 plans as opposed to 7 plans for capital infrastructure. This is because services, financial management and accountability in the Federated States of Micronesia occurs at the state level. Each of the four FSM states has variations, sometimes significant, in the financial procedures and policies employed.

OIA has specific funding available to pay for formulation and implementation of the plans. The cost of the plans is funded through the technical assistance program and plan implementation is funded through the insular Management Control Initiative.

FY 2000 ANNUAL PERFORMANCE REPORT

Goal: Complete one additional financial management plan, for a total of five.

Report: This performance goal was met in fiscal year 2000. OIA is ahead of schedule to complete financial management improvement plans for all insular areas (including state governments in the FSM) by fiscal year 2005. This is consistent with the strategic plan, as

revised in September 2000. Financial management improvement plans have been completed for the governments of the Virgin Islands, American Samoa, the Republic of Palau, the Commonwealth of the Northern Mariana Islands, and Guam. Work is beginning in fiscal year 2001 in the four states of the Federated States of Micronesia and should be completed in 2002.

DATA VERIFICATION AND VALIDATION

Data Validation	The number of plans completed is a rather simple but effective measure of the insular governments good governance and their capability to properly and effectively use Federal (U.S.) assistance. The decision to use this goal and data was made by the senior management of the Office of Insular Affairs in consultation with Departmental officials from the Office of the Assistant Secretary- - Policy, Management and Budget.
Data Verification	Because of the simple nature of this data, it is not difficult to determine its reliability and accuracy. There is a small and finite number of insular governments and only one plan is required for each government.
Data Source	The data are obtained from the insular governments by obtaining copies of the completed plans.
Data Limitations	The performance data looks only at the number of plans completed, not the quality of the plans or the degree of sustained effort to implement the plans. Because of the high caliber team working with the insular governments to produce the plans, OIA is comfortable with the quality factor. Implementation, however, will be a long and slow process and the level of implementation will, in many cases, be quite subjective.
Planned Improvements	No planned improvements are currently being discussed. The logical next step for OIA would be to develop a system, as quantified and objective as possible, to track implementation of the plans.

2.2.2 GOAL: IMPROVING GRANT PRODUCTIVITY

GPRA Program Activity 2: Improve Government Systems and Services

Long-term Goal: Increase grant productivity by increasing the ratio of technical assistance projects completed to projects started and reducing the average completion time of projects.

FY 2002 Annual Performance Goals:

1. Increase ratio of technical assistance projects completed to projects started to 1.1.

FY 98 Actual	FY 99 Actual	FY00 Plan	FY00 Actual	FY01 Plan	FY02 Plan
**	.85	.90	.51	1.0	1.1

2. Reduce the average time from grant award to project completion for technical assistance projects to 27 months.

FY 98 Actual	FY 99 Actual	FY00 Plan	FY00 Actual	FY01 Plan	FY02 Plan
**	32	30	11	28	27

** This long-term goal and related performance goals were new in fiscal year 2000.

Goal Description:

This goal was incorporated into a new Strategic Plan transmitted to Congress in September 2000. While it is primarily an output goal, it better reflects the work performed by OIA and within its control, and is essential to the insular governments. The governments' ability to spend money quickly and effectively is a measure of good governance. OIA will use incentives at its disposal to move grants more quickly from award to project completion and to ensure large balances do not build up in Federal accounts.

Even though OIA's appropriations are not restricted to a single year and remain available until obligated and expended, the time value of money dictates that projects should move as quickly as possible, without sacrificing accountability or project effectiveness. Large unobligated or unliquidated balances not only reflect the inability of the island governments to efficiently manage projects, they also jeopardize future appropriations.

FY 2000 PERFORMANCE REPORT:

Goal: Increase the ratio of technical assistance projects completed to projects started to .90.

Report: This performance goal was not met. Only about half as many projects were completed in fiscal year 2000 as were started, compared to approximately 85% in fiscal year 1999. This goal was only created during fiscal year 2000, which made it difficult to set a standard with no comparative history, and it is similarly difficult to analyze data and changes in the short run. Clearly, it is not good for the program to sustain a completion ratio as low as 50 percent. If this rate were sustained, there would be a rapid buildup of incomplete projects. The buildup, in fact, would increase dramatically over the five year period of the strategic plan. We suspect there will be a much larger number of projects completed next year as older projects are terminated and cleared out. Project completion is defined as the cessation of work on the project and final payment has been made. Usually this means the full scope of the grant and subsequent contract by the insular government has been met. However, termination of a project for cause or by mutual consent is also considered completion.

Goal: Reduce the average time from grant award to project completion for technical assistance projects to 27 months.

Report: This goal was significantly exceeded in fiscal year 2000. This is because only one of the projects completed in fiscal year 2000 was started prior to 1999 and that was a 1998 project. However, there are nearly 150 active grants that were awarded prior to fiscal year 2000. Some of these projects may be languishing, but all will ultimately have to be completed or terminated. When this happens, average project time will jump up considerably, just as the number of projects increases. OIA needs to watch project timing closely and develop procedures that keep old projects from continuing too long without action. To some extent this is already occurring. New grant awards now include a completion date. If the project is not completed by a specified time, it can be terminated. Some of the older projects did not have termination dates and need to be reviewed on a case by case basis.

DATA VERIFICATION AND VALIDATION

Data Validation	This goal was developed by senior management in OIA following consultation with officials from the Office of the Assistant Secretary– Policy, Management and Budget. It is relatively easy to track. It reflects work output by the insular governments using OIA funding, but does not require gathering data outside OIA's control.
Data Verification	This data is fully within OIA's control and OIA has collection standards and other criteria for ensuring the data are reliable and accurate.
Data Source	While these performance goals are a reflection of insular output, all data is developed within OIA. OIA issues the grant and makes final payment that determines grant completion.
Data Limitations	We are measuring output from a rather small and finite population. Uncontrollable events can dramatically skew the results. For this reason, an analysis of what has transpired and the reasons for changes, particularly changes that do not follow anticipated trend lines is important.
Planned Improvements	We are not planning any improvements at this time, but will continue to evaluate our data process over the coming year.

2.3 GPRA PROGRAM ACTIVITY 3: IMPROVE GOVERNMENTAL RELATIONS

Description: This is the largest single workload activity within the Office of Insular Affairs. The Office has responsibilities mandated in law or by Executive and Secretarial Orders to help formulate policies relative to the relationship between the insular areas and the Federal government, and to report on associated problems and effects. Improving governmental relations is staff-intensive work that requires extensive communications and coordination among Federal agencies and insular officials and organizations. A major improvement was initiated in fiscal year 2000 with creation of an Interagency Group on the Insular Areas. This creates a forum for Federal agencies to discuss insular problems and issues and to obtain input from the insular governments. It has been well-received by the insular governments.

FY 2002 PERFORMANCE GOALS:

Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in FY 2001.

BUDGET TABLE (GPRA ACTIVITY 3 - IMPROVE GOVERNMENTAL RELATIONS)

	FY2000 Enacted		FY 2001 Enacted		FY2002 Budget	
Budget Activity/Subactivity		GPRA		GPRA		GPRA
\$000	Total	Activity 3	Total	Activity 3	Total	Activity 3
Assistance to Territories:						
Office of Insular Affairs	4,095	1,759	4,385	1,884	4,528	1,929
Technical Assistance	8,661		13,631		7,461	
Maintenance Assistance	2,300		2,295		2,300	
Brown Tree Snake	2,350		2,345		2,350	
Insular Management Controls	1,491		1,488		1,491	
Coral Reef Initiative	500		499		500	
American Samoa Operations	23,054		23,003		23,100	
<i>Covenant Grants</i>						
CNMI Construction	5,580		11,000		11,000	
Guam/CNMI Impact Aid	4,580		4,580		5,080	
American Samoa Construction	10,140		10,140		10,140	
CNMI Immigration Initiative	2,000		2,000		1,500	
Virgin Islands Construction	5,420		0		0	
<i>Total, Covenant (Mandatory)</i>	27,720		27,720		27,720	
Total, Assistance to Territories.....	70,171	1,759	75,366	1,884	69,450	1,929
Compact of Free Association:						
Federal Services (Discretionary)	7,120		7,338		7,354	
Enewetak Ops (Discretionary)	1,191		1,388		1,391	
Total, Compact, Mandatory	12,000		12,000		14,500	
Total, Compact, Permanent Indefinite	120,551		122,014		144,616	
Total, Compact of Free Association...	140,862		142,740		167,861	
Payments to U.S. Territories						
Guam Section 30 Tax Collections	56,227		56,000		56,000	
Virgin Islands Rum Excise Tax	91,888		48,000		48,000	
Total, Payments to U.S. Territories...	148,115		104,000		104,000	
Total, OIA	359,148		322,106		341,311	
American Samoa Loan Subsidy.....	0		3,097		0	
Grand Total, OIA.....	359,148	1,759	325,203	1,884	341,311	1,929

2.3.1 GOAL: IMPROVE FEDERAL-INSULAR COMMUNICATIONS

GPRA Program Activity: Improve Governmental Relations					
Long-term Goal: Improve Federal-insular communications to facilitate the resolution of insular areas' problems.					
FY 2002 Annual Performance Goal: 1. Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in 2001.					
Performance Measure: Customer Survey					
FY 98 Actual	FY 99 Actual	FY00 Plan	FY00 Actual	FY01 Plan	FY02 Plan
**	**	Complete Baseline	Baseline Not Completed	Complete Baseline	To be Determined

Goal Description: The essence of OIA's mission is to serve the insular governments, and its ability to communicate well and help clarify Federal and insular positions is critical. The perception of how well we improve communications and the relationships between the insular governments and the Federal government are what we hope to measure and quantify through a survey completed annually by each government.

FY 2002 GOALS:

The Office of Insular Affairs has sufficient resources to accomplish its goal of improving insular governments' satisfaction regarding communications in FY 2002. OIA still needs a quantified baseline survey, which will be conducted during FY 2001.

FY 2000 PERFORMANCE REPORT:

Goal: Conduct a survey and develop a baseline of insular governments' satisfaction regarding communications with the Federal government.

Report: This performance goal was not met in fiscal year 2000. Because of changing political leadership, it was decided not to prepare a survey until the new Administration had a chance to review the questions being asked and to whom the sample is directed. The goal of completing the survey to create a baseline measure of constituent satisfaction was shifted for completion in fiscal year 2001. Work is progressing on preparing questions and developing the sample.

DATA VERIFICATION AND VALIDATION

Data Validation	Senior management in OIA believe there is no doubt this goal is appropriate as it goes to the very core of OIA's mission. The difficulty is in measuring performance, particularly with a quantified standard.
Data Verification	As this goal requires obtaining information from the insular governments on a periodic basis, OIA will confer with OMB on the need for collection standards or other criteria to ensure the data are reliable and complete.
Data Source	The data will be obtained entirely from a survey transmitted to leadership in the U.S.- affiliated insular areas.
Data Limitations	The actual baseline survey that will be conducted in fiscal year 2001 is still being designed. The results of the survey will be quantified but subjective. The results will likely vary significantly depending upon the survey group selected. OIA's relationship with the insular areas takes place on at least two major planes, political and managerial. The political relationship can be personality- and party-oriented and can change significantly from year to year. The managerial working relationship would tend to be much more consistent and survey data would be more reflective of evolving trends in the relationship. The survey data from the political level would be much more inconsistent over time as changing personalities and events come to bear.
Planned Improvements	An initial survey was conducted in 1999. It was very subjective and had no means to quantify the data, and thus create a baseline. The survey planned for 2001 is intended to be a significant improvement over the 1999 effort.

Section III

Additional GPRA Information

3.1 CUSTOMER SERVICE

OIA's only constituents are the seven U.S.-affiliated insular areas with which we deal. Our customer service is reflected in two ways. OIA's third long-term goal of improving governmental relations is almost exclusively a customer service goal and indeed its measure is a customer survey. The survey is intended to measure our ability to communicate effectively and improve the Federal-insular relationship more than it is to solve problems.

The second aspect of customer service is incorporated in the first two goals of improving infrastructure and improving governmental systems and services. In this case, customer service is about responsiveness to specific needs of the island governments, including cash draw on requests, grant applications, reprogramming or changes in grant scope, and our ability to identify technical assistance providers.

3.2 CROSSCUTTING ISSUES

In performing its mission and achieving its goals, OIA works with virtually every Federal agency. It plays a key role in two interagency groups, one focused on Freely Associated State Affairs, and the other on Insular Areas. Major Federal partners are the Departments of State, Defense, Justice, Agriculture and Commerce, the Environmental Protection Administration, the Army Corps of Engineers, the Bureau of Census, and the USDA Graduate School. Two of OIA's grant programs, the Brown Tree Snake Control Program and the Coral Reef Initiative, are parts of major Departmental and Federal crosscutting efforts. OIA's brown tree snake efforts are part of a much larger effort to manage non-indigenous invasive species. OIA finances efforts by the U.S. Geological Survey, the Fish and Wildlife Service, the Department of Defense Pest Management Control Board, and the USDA Wildlife Services. The Coral Reef Initiative involves work and coordination with the U.S. Geological Survey, the Fish and Wildlife Service, the National Park Service and the Department of Commerce.

OIA CROSSCUTTING RELATIONSHIPS

Departmental Goal: <i>Meet our Trust Responsibility to Indian tribes and our commitments to islands communities.</i>	
Long-Term Goal	Major Partnerships
Improve Infrastructure	U.S. Army Corps of Engineers Environmental Protection Agency Federal Emergency Management Agency
Improve Governmental Systems and Services	USDA Graduate School USDA Wildlife Services Dept. of Commerce--Census Bureau Dept. of Commerce-- NOAA U.S. Geological Survey Department of Justice Department of Labor US Postal Service Dept. of Transportation--Fed. Aviation Administration
Improve Governmental Relations	Department of State Department of Defense Department of Justice

3.3. MANAGEMENT ISSUES

OIA is a very small office that falls under the Assistant Secretary for Policy, Management and Budget. In 1995, it was downsized by approximately 40 percent without any change in mission or function, except that its international function (3 FTEs) was shifted to the Department's Office of Policy Analysis, and certain budget tasks (1 FTE) are now performed by the Department's Office of Budget. Its greatest management issue and management challenge is to improve systems and services in the insular areas without infringing on self-government. Its second greatest management challenge is to balance its workload so that it is responsive to external Federal demands, such as the GPRA and budget processes, and audit followup and resolution, without compromising or jeopardizing its fundamental mission to assist the insular areas.

OIA works closely with the Office of Inspector General (IG), which has a greater presence in the islands than OIA, and with the General Accounting Office (GAO) to a lesser extent. There are currently no major management

issues identified by these organizations relative to insular programs. The generally poor financial condition and poor management controls of the insular governments; however, are a major priority of OIA assistance efforts. They have also been a subject of numerous IG and GAO reports.

3.4 DATA VERIFICATION AND VALIDATION

OIA is trying to deal with this issue by keeping its performance goals and performance measures as simple as possible to avoid highly questionable data or data that overwhelms our ability to collect, maintain and analyze. The major limitation of OIA's data is that it is, for two of its long-term goals, measures of output rather than outcomes. OIA is attempting to measure outcomes through improved data collecting in the insular areas and publishing of an annual State of the Islands Report. This effort, particularly the gathering of data that shows changes in islands development, is larger than OIA can perform with its own resources. OIA is developing a partnership with the U.S. Bureau of the Census and the island governments to improve reporting on changes in

the general social and economic state of the islands. This is more the "outcome" report and its improvement is a long-term challenge for OIA.

OIA's performance data is not sensitive and its security has never been an issue.

3.5 PROGRAM EVALUATIONS

OIA is not large enough and does not have the capacity to perform internal program evaluations other than routine self-assessments performed by program managers and senior management of the office. It does however, have a close relationship with the Inspector General's Office. Because of the large amount of financial resources under its control, OIA is subject to CFO audit requirements and also numerous efficiency and effectiveness audits performed by Inspector General auditors and investigators stationed in the territories.

3.6 CAPITAL ASSETS/CAPITAL PLANNING

OIA does not own or control any capital assets. However, it strongly embraces the concept of capital planning and has made implementation of capital planning by the insular governments one of its major long-term goals.

3.7 USE OF NON-FEDERAL PARTIES IN PREPARING THIS PLAN

No non-Federal parties were used to prepare this plan.

3.8 WAIVERS FOR MANAGERIAL ACCOUNTABILITY AND FLEXIBILITY

OIA is not seeking any waivers for managerial accountability and flexibility.

Appendix I

FY 2000 Annual Performance Report Goals At-a-Glance Table

Mission Goal	Long-Term Goal	
Assists the islands in developing more efficient and effective government by providing financial and technical assistance	<u>Improve Infrastructure</u>	
	1.1 By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs.	
	1.2 Increase grant productivity by increasing the ratio of capital projects completed to projects started and reducing the average completion time of projects.	
	<u>Improve Government Systems and Services</u>	
	2.1 By 2005, all insular governments are implementing long-term plans to improve financial management.	
	2.2 Increase grant productivity by increasing the ratio of technical assistance projects completed to projects started and reducing the average completion time of technical assistance projects.	
	<u>Improve Governmental Relations</u>	
Help manage Federal-island relations by promoting appropriate Federal policies.	3.1 Improve Federal-insular communications to facilitate the resolution of insular areas' problems.	

FY 2000 Annual Goal	FY 2000 Actual Results	Comments
1.1.1 Complete 1 additional multi-year capital plan (cumulative total of 3).	1.1.1 Goal not achieved. 2 multi-year plans completed. (Cumulative)	1.1.1 The third plan (for the Federated States of Micronesia) is now underway and should be complete in 2001.
1.2.1 Increase the ratio of capital projects completed to projects started to .90.	1.2.1 Goal not achieved. The ratio fell to .56.	1.2.1 8 new projects were started in the Virgin Islands without any old projects to complete. Work in the CNMI continues to be delayed due to lack of matching funds.
1.2.2 Reduce the average time from grant award to project completion for capital projects to 30 months.	1.2.2 Goal not achieved. Average completion time was 31 months.	1.2.2 Project completion time was reduced from 32 months but rate remains slow due to backlog of uninitiated projects in the CNMI, awaiting matching funds.
2.1.1 Complete one additional financial management plan (cumulative total of 5).	2.1.1 Goal achieved. Five plans were completed.	2.1.1 Work is progressing faster than anticipated.
2.2.1 Increase ratio of technical assistance projects completed to projects started to .90.	2.2.1 Goal not achieved. The ratio fell to .51.	2.2.1 Older projects are not being completed or closed out (terminated).
2.2.2 Reduce time from tech. assistance grant award to project completion to 30 months.	2.2.2 Goal achieved. Average completion time was reduced to 11 months.	2.2.2 FY 2000 was an anomaly. All projects completed were started in 1999, although there are many older projects in various stages of completion.
3.1.1 Establish baseline through constituent satisfaction survey.	3.1.1 Goal not achieved. Baseline not completed.	3.1.1 Baseline is being established in 2001.

Appendix II

FY 2001 Annual Performance Plan Goals At-a-Glance Table

Mission Goal	Long-Term Goal	FY 2001 Annual Goal
Assists the islands in developing more efficient and effective government by providing financial and technical assistance	<u>Improve Infrastructure</u>	
	1.1 By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs.	1.1.1 Complete 1 additional multi-year capital plan (cumulative total of 3).
	1.2 Increase grant productivity by increasing the ratio of capital projects completed to projects started and reducing the average completion time of projects.	1.2.1 Increase the ratio of capital projects completed to projects started to 1.1.
		1.2.2 Reduce the average time from grant award to project completion for capital projects to 28 months.
	<u>Improve Government Systems and Services</u>	
	2.1 By 2005, all insular governments are implementing long-term plans to improve financial management.	2.1.1 Complete 1 additional financial management plan (cumulative total of 6).
	2.2 Increase grant productivity by increasing the ratio of technical assistance projects completed to projects started and reducing the average completion time of technical assistance projects.	2.2.1 Increase ratio of technical assistance projects completed to projects started to 1.1.
		2.2.2 Reduce time from grant award to project completion for technical assistance projects to 28 months.
Help manage Federal-island relations by promoting appropriate Federal policies.	<u>Improve Governmental Relations</u>	
	3.1.1 Improve Federal-insular communications to facilitate the resolution of insular areas' problems.	3.1.1 Establish baseline of insular governments' satisfaction regarding communications with the federal government.

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